

Message Text

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SUBJECT: NATO WEAPONS PRODUCTION/PROCUREMENT PROGRAM, F-16

REF: STATE 174390

SUMMARY: THIS MESSAGE CALLS WASHINGTONS ATTENTION TO THE DIFFERENCES BETWEEN A NATO PROJECT AND AN NPLO, POINTS OUT SOME OF THE ADVANTAGES AND DISADVANTAGES OF EACH, AND REQUESTS CLARIFICATION WITH RESPECT TO THE F-16 PROJECT. END SUMMARY.

1. PARA 1. REFTTEL REFERS TO A "NATO PROJECT" WHILE PARA 3 DISCUSSES A NATO PRODUCTION AND LOGISTICS ORGANIZATION (NPLO). THESE ARE NOT THE SAME. THE BASIC DIFFERENCE IS THAT AN NPLO IS AN OFFICIAL NATO AGENCY WITH A INTERNATIONAL PERSONALITY, WHILE A NATO PROJECT IS MANAGED BY A MULTI-NATIONAL ORGANIZATION WHICH IS SANCTIONED BY NATO, BUT NOT AS FORMALLY TIED TO NATO AS AN NPLO. CM(66)33(SECOND REVISE) APPLIES TO NATO PROJECTS
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WHILE CM(62)18 APPLIES TO NPLO'S. EXAMPLES OF NATO PROJECTS ARE THE NATO MARITIME PATROL AIRCRAFT, NATO SEA SPARROW, NATO HYDROFOIL AND NATO JAGUAR AND EXAMPLES OF MPLO PROGRAMS ARE THE MULTIROLE COMBAT AIRCRAFT, NATO HAWK, NATO SIDEWINDER,

AND THE ORIGINAL NATO STARFIGHTER (F-104 G).

2. THERE ARE ADVANTAGES AND DISADVANTAGES TO EACH TYPE. THE NATO PROJECT IS NOT AS BOUND BY NATO RULES AND PROCEDURES, AND THEREFORE MIGHT BE ADMINISTRATIVELY SIMPLER, MORE FLEXIBLE AND MORE RESPONSIVE TO THE MEMBERS REQUIREMENTS. ALL THAT IS REQUIRED FOR A NATO PROJECT IS APPROVAL OF THE STEERING COMMITTEE AND PROJECT BY THE CNAD (ACTING FOR THE COUNCIL), AN ANNUAL PROGRESS REPORT TO THE CNAD, AND SOME PROVISION FOR THE ADMISSION OF OTHER INTERESTED NATO COUNTRIES ON A REASONABLE AND EQUITABLE BASIS.

3. AN NPLO IS A FORMAL INTERNATIONAL ORGANIZATION WHICH IS AN INTEGRAL PARTY OF NATO. AN NPLO AND ITS CHARTER MUST BE APPROVED BY THE COUNCIL. AN NPLO MUST HAVE A BOARD OF DIRECTORS (BOD) AND AN EXECUTIVE BODY (MANAGEMENT AGENCY) OR THE EQUIVALENT. THE NATO SECRETARY GENERAL APPROVES SELECTION OF THE GENERAL MANAGER AND SENDS A NON-VOTING REPRESENTATIVE TO BOD MEETINGS. GENERALLY, AN NPLO MUST COMPLY WITH NATO INTERNATIONAL STAFF PERSONNEL REGULATIONS (CLASSIFICATION, PAY SCALES, PRIVILEGES AND IMMUNITIES, ETC), NATO SECURITY REGULATIONS NATO CONTRACTING AND FINANCIAL REGULATIONS, AND IS SUBJECT TO NATO AUDIT PROCEDURES; ALTHOUGH THERE ARE PROBABLY WAYS AROUND SOME OF THESE. IN SOME CASES AN NPLO MAY HAVE ADVANTAGES WITH RESPECT TO INTERNATIONAL CONTRACTS, CUSTOMS, TAXES, ETC. IT WOULD PROBABLY BE NECESSARY TO MAKE A CLEAR DISTINCTION AND SEPARATION BETWEEN THE US SYSTEM PROGRAM OFFICE (SPO) AND EUROPEAN SYSTEM PROGRAM OFFICE (ESPO) WITH THE LATTER SERVING AS THE NPLO EXECUTIVE BODY.

4. BASED ON THE LIMITED INFORMATION WE HAVE ON THE F-16 MEMORANDUM OF UNDERSTANDING (MOU) AND AGREEMENTS AMONG THE US AND CONSORTIUM NATIONS, IN WHICH WE BELIEVE SUCH MATTERS AS INTERNATIONAL CONTRACTS, CUSTOMS, AND TAXES HAVE BEEN RESOLVED, IT WOULD SEEM THAT A "NATO PROJECT" MIGHT BE THE BETTER ARRANGEMENT TO MEET CONSORTIUM REQUIREMENTS. HOWEVER, KNOWLEDGEABLE MEMBERS OF THE INTERNATIONAL STAFF ADVISE THAT AN NPLO WORKED WELL FOR THE NATO STARFIGHTER AND IS CURRENTLY WORKING WELL FOR THE MRCA. WE WOULD APPRECIATE CLARIFICATION
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FROM WASHINGTON ON THE TYPE OF ORGANIZATION DESIRED. CAPITALS IN CONSORTIUM COUNTRIES MAY WISH TO COMMENT.

5. THE PROCEDURES FOR A NATO PROJECT IS TO SUBMIT A PROPOSAL TO THE NATO AIR FORCE ARMAMENTS GROUP (NAFAG). THE NAFAG WOULD THEN FORWARD THE PROPOSAL WITH RECOMMENDATIONS TO THE CNAD. A PROPOSAL FOR AN NPLO COULD GO DIRECT TO THE COUNCIL, IF TIME WAS CRITICAL, BUT IT WOULD BE PREFERABLE TO HAVE IT GO THROUGH THE NAFAG AND CNAD ALSO. RECOMMEND THIS BE DISCUSSED WITH MGEN K. RUSSELL, AFCCG, THE US REPRESENTATIVE TO THE NAFAG. MISSION WILL WORK OUT THE DETAILS WITH THE US NAFAG REPRESENTATIVE AND THE INTERNATIONAL STAFF AFTER A US-CONSORTIUM DECISION ON THE

TYPE OF ORGANIZATION HAS BEEN REACHED. A SUITABLE AGENDA ITEM
(AIRCRAFT REPLACEMENT SCHEDULES) ALREADY EXISTS ON THE 15-16
OCT 75 NAFAG AGENDA FOR INTRODUCTION OF A US PROPOSAL. NO
PROBLEMS ARE ANTICIPATED IN GETTING A PROPOSAL FOR EITHER TYPE
OF ORGANIZATION THROUGH THE NAFAG AND CNAD.
STREATOR.

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